

QUARTERLY REPORT

**LICENSEE ADAMAR OF NEW JERSEY, INC. D/B/A
TROPICANA CASINO AND RESORT**

FOR THE QUARTER ENDED SEPTEMBER 30, 2004

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



BALANCE SHEETS

AS OF SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 20,211	\$ 17,985
2	Short-Term Investments.....	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2004, \$10,793 ; 2003, \$13,291)..... (Note 6)	17,900	12,168
4	Inventories.....	3,737	3,193
5	Prepaid Expenses and Other Current Assets.....	10,101	12,716
6	Total Current Assets.....	51,949	46,062
7	Investments, Advances, and Receivables..... (Note 4,5)	22,258	20,941
8	Property and Equipment - Gross..... (Note 2)	1,046,414	917,612
9	Less: Accumulated Depreciation and Amortization..... (Note 2)	(280,607)	(253,850)
10	Property and Equipment - Net..... (Note 2)	765,807	663,762
11	Other Assets.....	45,746	17,859
12	Total Assets.....	\$ 885,760	\$ 748,624
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 38,074	\$ 6,409
14	Notes Payable.....	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	0	0
16	Other..... (Note 3)	73	139
17	Income Taxes Payable and Accrued.....	0	0
18	Other Accrued Expenses.....	24,668	23,969
19	Other Current Liabilities.....	6,368	19,453
20	Total Current Liabilities.....	69,183	49,970
	Long-Term Debt:		
21	Due to Affiliates..... (Note 3,5)	447,000	447,000
22	Other..... (Note 3)	21	94
23	Deferred Credits.....	0	0
24	Other Liabilities..... (Note 5)	243,351	125,358
25	Commitments and Contingencies..... (Note 4)	0	0
26	Total Liabilities.....	759,555	622,422
27	Stockholder's, Partners', or Proprietor's Equity.....	126,205	126,202
28	Total Liabilities and Equity.....	\$ 885,760	\$ 748,624

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$ 274,483	\$ 291,859
2	Rooms.....	36,199	36,673
3	Food and Beverage.....	36,854	39,273
4	Other.....	10,769	11,003
5	Total Revenue.....	358,305	378,808
6	Less: Promotional Allowances.....	66,339	67,296
7	Net Revenue.....	291,966	311,512
	Costs and Expenses:		
8	Cost of Goods and Services..... (Note 5).....	175,778	175,604
9	Selling, General, and Administrative..... (Note 5).....	43,635	43,028
10	Provision for Doubtful Accounts.....	522	999
11	Total Costs and Expenses.....	219,935	219,631
12	Gross Operating Profit.....	72,031	91,881
13	Depreciation and Amortization.....	23,222	21,644
	Charges from Affiliates Other than Interest:		
14	Management Fees..... (Note 5).....	24,600	25,150
15	Other.....	0	0
16	Income (Loss) from Operations.....	24,209	45,087
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Note 3).....	(40,230)	(41,231)
18	Interest (Expense) - External..... (Note 3).....	10,181	5,700
19	Investment Alternative Tax and Related Income (Expense) - Net...(Note 4).....	(696)	(251)
20	Nonoperating Income (Expense) - Net..... (Note 6, 7).....	514	(3,272)
21	Total Other Income (Expenses).....	(30,231)	(39,054)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(6,022)	6,033
23	Provision (Credit) for Income Taxes.....	(506)	13,933
24	Income (Loss) Before Extraordinary Items.....	(5,516)	(7,900)
25	Extraordinary Items (Net of Income Taxes - 2004, \$0 ; 2003, \$0).....	0	0
26	Net Income (Loss).....	\$ (5,516)	\$ (7,900)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

TROPICANA CASINO AND RESORT

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$ 98,513	\$ 98,680
2	Rooms.....	14,045	13,805
3	Food and Beverage.....	13,289	13,084
4	Other.....	4,057	4,323
5	Total Revenue.....	129,904	129,892
6	Less: Promotional Allowances.....	23,653	22,962
7	Net Revenue.....	106,251	106,930
	Costs and Expenses:		
8	Cost of Goods and Services..... (Note 5).....	61,784	59,401
9	Selling, General, and Administrative..... (Note 5).....	15,476	14,688
10	Provision for Doubtful Accounts.....	153	262
11	Total Costs and Expenses.....	77,413	74,351
12	Gross Operating Profit.....	28,838	32,579
13	Depreciation and Amortization.....	7,973	7,274
	Charges from Affiliates Other than Interest:		
14	Management Fees..... (Note 5).....	7,500	7,500
15	Other.....	0	0
16	Income (Loss) from Operations.....	13,365	17,805
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Note 3).....	(13,410)	(13,900)
18	Interest (Expense) - External..... (Note 3).....	3,925	2,367
19	Investment Alternative Tax and Related Income (Expense) - Net...(Note 4).....	(241)	(164)
20	Nonoperating Income (Expense) - Net..... (Note 6, 7).....	(3,253)	(1,136)
21	Total Other Income (Expenses).....	(12,979)	(12,833)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	386	4,972
23	Provision (Credit) for Income Taxes.....	(1,704)	12,503
24	Income (Loss) Before Extraordinary Items.....	2,090	(7,531)
25	Extraordinary Items (Net of Income Taxes - 2004, \$0 ; 2003, \$0).....	0	0
26	Net Income (Loss).....	\$ 2,090	\$ (7,531)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADE NAME OF LICENSEE TROPICANA CASINO AND RESORT

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)
(\$ IN THOUSAND)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002	100	\$ 1	0	\$ 0	\$ 127,071	\$ 0	7,030	\$ 134,102
2	Net Income (Loss) - 2003							(2,381)	(2,381)
3	Contribution to Paid-in -Capital								
4	Dividends								
5	Prior Period Adjustments								
6									
7									
8									
9									
10	Balance, December 31, 2003	100	\$ 1	0	\$ 0	\$ 127,071	\$ 0	\$ 4,649	\$ 131,721
11	Net Income (Loss) - 2004							(5,516)	(5,516)
12	Contribution to Paid-in -Capital								
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, September 30, 2004	100	\$ 1	0	\$ 0	\$ 127,071	\$ 0	\$ (867)	\$ 126,205

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 85,553	\$ 91,592
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....		
3	Proceeds from the Sale of Short-Term Investment Securities.....		
4	Cash Outflows for Property and Equipment.....	(97,133)	(92,774)
5	Proceeds from Disposition of Property and Equipment.....	61	40
6	Purchase of Casino Reinvestment Obligations.....	(3,546)	(3,673)
7	Purchase of Other Investments and Loans/Advances made.....		
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	2,113	1,858
9	Cash Outflows to Acquire Business Entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(98,505)	(94,549)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....		
14	Payments to Settle Short-Term Debt.....		
15	Cash Proceeds from Issuance of Long-Term Debt.....		
16	Costs of Issuing Debt.....		
17	Payments to Settle Long-Term Debt.....	(106)	(94)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....		
19	Purchases of Treasury Stock.....		
20	Payments of Dividends or Capital Withdrawals.....		
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	(106)	(94)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(13,058)	(3,051)
25	Cash and Cash Equivalents at Beginning of Period.....	33,269	21,036
26	Cash and Cash Equivalents at End of Period.....	\$ 20,211	\$ 17,985
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ (30,049)	\$ (5,700)
28	Income Taxes.....	\$	\$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIP (f)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (5,516)	\$ (7,900)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	23,220	21,644
31	Amortization of Other Assets.....	2	0
32	Amortization of Debt Discount or Premium.....	(12)	(11)
33	Deferred Income Taxes - Current.....	0	41
34	Deferred Income Taxes - Noncurrent.....	(3,459)	(4,370)
35	(Gain) Loss on Disposition of Property and Equipment.....	522	138
36	(Gain) Loss on Casino Reinvestment Obligations.....	584	138
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(6,815)	1,810
39	Net (Increase) Decrease in Inventories.....	(424)	65
40	Net (Increase) Decrease in Other Current Assets.....	199	(2,487)
41	Net (Increase) Decrease in Other Assets.....	(16,133)	(1,573)
42	Net Increase (Decrease) in Accounts Payable.....	16,103	(2,799)
	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	2,633	877
	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	74,649	86,019
45	Extraordinary items (net of tax).....		
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 85,553	\$ 91,592

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ (97,133)	\$ (92,774)
49	Less: Capital Lease Obligations Incurred.....	0	0
50	Cash Outflows for Property and Equipment.....	\$ (97,133)	\$ (92,774)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$ 0	\$ 0
52	Goodwill Acquired.....	0	0
	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	0	0
54	Long-Term Debt Assumed.....	0	0
55	Issuance of Stock or Capital Invested.....	0	0
56	Cash Outflows to Acquire Business Entities.....	\$ 0	\$ 0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	\$ 0	\$ 0
58	Less: Issuances to Settle Long-Term Debt.....	0	0
59	Consideration in Acquisition of Business Entities.....	0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

TROPICANA CASINO AND RESORT

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	225,500	\$ 17,272	0	\$ 0
2	Food	1,706,663	16,725	42,458	416
3	Beverage	6,252,357	7,582	0	0
4	Travel	0	0	9,564	3,347
5	Bus Program Cash	429,111	7,042	0	0
6	Other Cash Complimentaries	863,166	14,573	0	0
7	Entertainment	18,950	38	19,881	398
8	Retail & Non-Cash Gifts	0	0	125,933	1,234
9	Parking	0	0	0	0
10	Other	898,020	3,107	191,174	991
11	Total	10,393,767	\$ 66,339	389,010	\$ 6,386

** There are no complimentary services or items in Line 10 "other" which exceeds 5% of that column's total.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	78,792	\$ 6,073	0	\$ 0
2	Food	635,591	6,228	15,177	149
3	Beverage	2,242,111	2,740	0	0
4	Travel	0	0	3,629	1,270
5	Bus Program Cash	156,819	2,641	0	0
6	Other Cash Complimentaries	309,392	4,970	0	0
7	Entertainment	5,900	12	8,041	161
8	Retail & Non-Cash Gifts	0	0	45,629	431
9	Parking	0	0	0	0
10	Other	306,280	989	70,598	385
11	Total	3,734,885	\$ 23,653	143,074	\$ 2,396

** There are no complimentary services or items in Line 10 "other" which exceeds 5% of that column's total.

ADAMAR OF NEW JERSEY, INC.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

NOTE 1. DISCLOSURES NOT PRESENTED

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 31, 2003.

The specific footnotes not presented are the Summary of Significant Accounting Policies and Lease Obligations. The footnotes contained in the December 31, 2003 Annual Report should be read in conjunction with these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

At September 30, 2004 and 2003, the components of Property and Equipment consisted of:

	<u>2004</u>	<u>2003</u>
Land and land improvements	\$ 49,974,000	\$ 49,974,000
Building and improvements	587,842,000	577,313,000
Furniture, fixtures and equipment	157,735,000	140,944,000
Leased personal property	2,111,000	2,254,000
Construction in progress	<u>248,752,000</u>	<u>147,127,000</u>
Total property and equipment-gross	1,046,414,000	917,612,000
Less: accumulated depreciation and amortization	<u>(280,607,000)</u>	<u>(253,850,000)</u>
Total property and equipment	<u>\$ 765,807,000</u>	<u>\$ 663,762,000</u>

NOTE 3. LONG-TERM DEBT

At September 30, 2004 and 2003, Long-Term Debt consisted of:

	<u>2004</u>	<u>2003</u>
Notes Payable - Aztar Corporation; 12.0% due 2014	<u>\$ 447,000,000</u>	<u>\$ 447,000,000</u>
Long-term debt due to affiliates	447,000,000	447,000,000
Obligations under capital leases	<u>94,000</u>	<u>233,000</u>
Total affiliates and other	447,094,000	447,233,000
Less: current portion	<u>(73,000)</u>	<u>(139,000)</u>
Total long-term debt	<u>\$ 447,021,000</u>	<u>\$ 447,094,000</u>

During 2003, the maturity of the Notes payable to Aztar Corporation was extended to October 1, 2014. Substantially all of the Company's property and equipment is pledged as collateral for long-term debt agreements of affiliates.

NOTE 4. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission, referred to as the "CCC". The license is renewable every four years. In November 2003, the license was renewed for a period of four years, effective through November 30, 2007, subject to the condition that the Company and Aztar provide the CCC and the New Jersey Division of Gaming Enforcement with revised financial forecasts for the first two years of the license term by February 10, 2004. The revised financial forecasts were required to supplement previously filed financial forecasts to reflect a revised projected opening date for the expansion which was delayed as a result of an accident which occurred on October 30, 2003 at the site of the construction of the parking-garage component of the expansion (see "Note 6: Accounting for the Impact of the October 30, 2003 Construction Accident"). The revised financial forecasts were submitted in accordance with the license condition and on April 30, 2004, the Division of Gaming Enforcement issued a report which indicates Adamar and Aztar have complied with the condition imposed and that both continue to demonstrate the requisite financial stability, integrity and responsibility.

The Company is a party to various other claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counterclaim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and that the Company's legal posture can be successfully defended without material adverse effect on its consolidated financial position, results of operations or cash flows.

The CCC imposes an annual tax of eight percent on gross casino revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The CRDA bonds have various contractual maturities that range from 10 to 43 years. Actual maturities may differ from contractual maturities because of prepayment rights. The Company's reinvestment obligation for 2004 and 2003, respectively, was \$3,546,000 and \$3,673,000 for the purchase of CRDA bonds. The Company recorded a loss provision for 2004 and 2003, respectively of \$584,000 and \$138,000. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at September 30, 2004.

In April 2002, the Company commenced construction on a major expansion project. The expansion will consist primarily of a retail, dining and entertainment

complex along with a 502-room convention hotel tower. The Company has an agreement with the CRDA for approximately \$20,100,000 in funding in connection with this expansion project. As of September 30, 2004, the Company has received approximately \$17,800,000 in funding from the CRDA under this agreement. At September 30, 2004 the Company had approximately \$800,000 in available deposits with the CRDA that qualified and accordingly was reclassified to accounts receivable.

At September 30, 2004, the Company had commitments of approximately \$25,000,000 for the expansion project.

NOTE 5. RELATED PARTIES

Transactions with affiliates consist of expenditures by affiliates on the Company's behalf including purchases of assets, facility rental, and administrative expenses or cash advances to affiliates or other receivables from affiliates. The Company has many significant transactions with Aztar.

Aztar performs various corporate services for the Company. For the period ended September 30, 2004 and 2003, Aztar charged the Company a management fee of \$24,600,000 and \$25,150,000, respectively.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balances at September 30, 2004 and 2003 are:

	<u>2004</u>	<u>2003</u>
Due to Aztar Corporation	\$219,836,000	\$ 106,436,000
Due to Ramada New Jersey, Inc.	332,000	257,000
Due to Adamar Garage Corporation	20,788,000	16,088,000
Due to Atlantic Deauville, Inc.	<u>305,000</u>	<u>235,000</u>
	<u>\$241,261,000</u>	<u>\$123,016,000</u>

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at September 30, 2004 and 2003 are:

	<u>2004</u>	<u>2003</u>
Advances to Tropicana West	\$ <u>1,768,000</u>	\$ <u>1,829,000</u>
	<u>\$ 1,768,000</u>	<u>\$ 1,829,000</u>

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at September 30, 2004 and 2003 are:

<u>PAYEE</u>	<u>2004</u>	<u>2003</u>
Aztar Corporation	\$ 447,000,000	\$ 447,000,000

For the nine months ended September 30, 2004 and 2003 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of Goods and Services and Selling, General, and Administrative. The nature of the charges and dollar amounts are as follows:

	<u>2004</u>	<u>2003</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive deferred compensation plan	\$ 2,000	\$ 3,000
Property insurance	<u>1,948,000</u>	<u>1,814,000</u>
	<u>1,950,000</u>	<u>1,817,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance	497,000	426,000
Executive deferred compensation plan	16,000	19,000
Claims	13,000	191,000
Professional services	<u>4,000</u>	<u>2,000</u>
	<u>530,000</u>	<u>638,000</u>
Total	<u>\$ 2,480,000</u>	<u>\$2,455,000</u>

NOTE 6: ACCOUNTING FOR THE IMPACT OF THE OCTOBER 30, 2003 CONSTRUCTION ACCIDENT

An accident occurred on the site of the construction of the parking-garage component of the expansion project on October 30, 2003. The accident resulted in a loss of life and serious injuries, as well as extensive damage to the facilities under construction.

Construction continues on the expansion project. Removal of the garage debris has been completed and the rebuilding of the portion of the garage that collapsed is near completion. Business continues to suffer adverse impacts from the disruption that followed the accident. One street adjacent to the property remained closed through September 30, 2004, limiting access to the existing parking garages and the porte cochere. During the third quarter and nine months ended 2004, the Company incurred approximately \$3,200,000 and \$5,500,000, respectively, of construction accident related costs and expenses that may not be reimbursed by insurance. These costs and expenses primarily consist of supplemental marketing costs incurred to decrease the effect of the business interruption caused by the accident as well as professional fees incurred as a result of the accident.

During the first quarter of 2004, the Company recorded \$3,500,000 of business interruption recovery, which reflects a profit recovery applicable to the fourth quarter of 2003. During the second quarter and third quarter of 2004, the Company recorded \$5,000,000 and \$2,000,000, respectively, of insurance recovery due to the delay of the opening of the expansion, which represents a portion of the anticipated profit that we would have recognized had the expansion opened as originally projected as well as some reimbursement for costs incurred as a result

of the delay. These insurance recoveries totaling \$10,500,000 are classified as Non-Operating Income/(Expense) in the Statements of Income. Insurance claims for business interruption that occurred from the date of the accident through the end of the third quarter of 2004 have been filed with the Company's insurers in the amount of approximately \$25,700,000 of which \$3,500,000 has been received by the Company. In addition, the Company has filed insurance claims for lost profits and additional costs as a result of the delay in the opening of the expansion. The total of these claims is approximately \$45,100,000 of which \$5,000,000 has been received by the Company and \$2,000,000 was included in the Balance Sheet as part of the Receivables and Patrons' Checks at September 30 2004. Profit recovery from business interruption insurance is recorded when the amount of recovery, which may be different from the amount claimed, is agreed to by the insurers. The Company has also filed insurance claims of approximately \$7,700,000 for other costs it has incurred that are related to the construction accident, of which approximately \$900,000 has been received by the Company. These other costs are primarily supplemental marketing costs and approximately \$2,100,000 was included in the Balance Sheet as part of the Receivables and Patrons' Checks at September 30, 2004.

During 2003, the Company reduced construction in progress for the estimated asset loss and recorded a receivable of approximately \$3,000,000, which was included in the Balance Sheet as part of the Receivables and Patrons' Checks at December 31, 2003. By September 30, 2004 the contractor has made substantial progress in rebuilding the damaged parking structure. Because the cost of the reconstructed portion of the garage that was fully paid by the contractor exceeded the \$3,000,000 asset loss previously incurred, the Company increased construction in progress for \$3,000,000 and relieved the corresponding receivable at September 30, 2004. In addition to the \$3,000,000 asset loss that was recognized and subsequently recovered, the Company recognized approximately \$2,200,000 of expense during the 2004 third quarter for costs incurred to repair areas near or adjacent to the parking-garage that were damaged as a result of the accident. This expense was classified in the Statements of Incomes as Non-Operating Income/(Expense).

In order to ensure that the construction proceed expeditiously and in order to settle certain disputes, the Company and the general contractor entered into a settlement agreement on October 6, 2004 that delineates how the Company and its contractor will share the cost of and the insurance proceeds received for the dismantlement, debris removal, and rebuild. During the 2004 third quarter, the Company estimated and recognized approximately \$2,400,000 of expense for dismantlement and debris removal activities that are probable of not being recovered under insurance. These dismantlement and debris removal costs were also classified as a component of Non-Operating Income/(Expense) in the Statements of Income. In addition, the Company believes it is reasonably possible that it could incur additional dismantlement and debris removal costs of up to \$2,000,000 that might not be recovered under insurance. Because there is still uncertainty about the final costs of dismantlement and debris removal, this estimate may change in the future. During the 2004 third quarter, the Company recorded approximately \$4,900,000 of insurance recovery associated with the rebuild of which \$3,000,000 was received by the Company and approximately \$1,900,000 was included in the Balance Sheet as part of the Receivables and Patrons' Checks at September 30, 2004. This recovery was classified as Non-Operating Income/(Expense) in the Statements of Income.

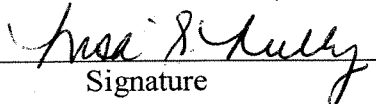
NOTE 7. NON-OPERATING INCOME/(EXPENSE)

For the period ending September 30, 2004 and 2003, Non-operating Income/(Expense) consisted of the following:

	<u>2004</u>	<u>2003</u>
Interest income	\$ 521,000	\$ 500,000
Loss on dispositions	(522,000)	(138,000)
Construction accident related	(5,543,000)	--
Construction accident insurance recoveries	10,815,000	--
Affiliate rent expense	(3,634,000)	(3,634,000)
Pre-Opening Costs	<u>(1,123,000)</u>	<u>--</u>
Total	\$ 514,000	\$ (3,272,000)
	=====	=====

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature

Controller

005939-11
License Number

On Behalf of:

Tropicana Casino and Resort
Casino Licensee